

THE NEW WORLD AUDIT

Hot on the heels of the historic merger of the London and Frankfurt stock exchanges—and the immediate signal from the US high-tech Nasdaq market to want to join the "iX" alliance—comes news that a new system of international accounting standards is now a step closer.

At its meeting in Sydney on 17 May, the International Organisation of Securities Commissions (IOSCO) gave its support to a set of rules devised by the International Accounting Standards Committee (IASC), a London-based group of professional accountants from 104 countries.

The new global accounting language (comprising 30 rules in all) will assist transnational companies in cross-border equity and debt issues and facilitate access to capital markets.

Meantime, the so-called "progressive governance" summit of 14 centre-left government leaders, including six G7 nations, held in Berlin on 3–4 June, set out a new agenda for containing globalisation and resurrecting plans for strengthening world financial regulation. It was convened in response to the changes unleashed by fast-paced globalisation and the concerns these have triggered in their national electorates.

The meeting's communiqué said that



recent financial crises had underscored the need for proper financial regulation and that "market economies must be combined with social responsibility in order to create long-term growth, stability and full employment, to promote social justice and protect the environment".

US President Bill Clinton, who attended the meeting, described the communiqué as a "fair statement of the way we view the 21st-century world". (On the eve of the summit, he became the first US President to receive the prestigious Charlemagne Prize for his contribution to European

unity, though he also faced criticism from European allies about the proposed US national missile system.)

However, within days of the Berlin summit, the New York Stock Exchange announced it had invited a group of nine exchanges, including Australia and Hong Kong, to form a 24-hour global equity market (GEM) worth \$US20 trillion and representing 60 per cent of the world's shares. The move is designed to compete with the London/Frankfurt iX merger, the world's fourth-largest exchange by market capitalisation. It is seen as a key step towards full globalisation of financial markets but it could marginalise smaller countries like Australia even further.

The demand for global share trading is unclear, but the new arrangements for cross-border settlement of share transfers and common accounting standards are expected to facilitate the transition.

These new developments have done nothing to calm public disquiet over the rapid growth of global markets and power of transnational corporations. The new face of public resistance is French farmer José Bové (the so-called "Robin Hood of Roquefort"), who is on trial with nine others for trashing a newly constructed McDonald's restaurant in the town of Millau last August. He sees the fast-food giant as a symbol of much that is going wrong in the world, and that "it stands for industrially produced food—bad for traditional farmers and bad for your health".

Bové's critics claim his motivation is based on what French farmers stand to lose out of the 22% of multibillion-dollar agricultural subsidies provided by the European Union.

(Sources: Guardian Weekly, London, 11–17 May; Australian Financial Review, 18 & 19 May, 5 & 9 June; Sydney Morning Herald, 1 July 2000)

WORLD BANK PRIVATISES THIRD WORLD WATER RIGHTS

Several years ago, Ismail Serageldin, Vice-President of the World Bank, said that the wars of the 21st century will be about water. He was referring to the fact that the world is running out of fresh water sources at an alarming rate, and that conflict over what remains will be inevitable.

To respond to the crisis, the World Bank



Samenville

has recently adopted a policy of water privatisation and full-cost water pricing. This policy is causing great distress in many Third World countries, which fear that their citizens will not be able to afford the cost of privatised water.

Two years ago, the World Bank (whose official attends Bolivian Government cabinet meetings as a full participant) refused to guarantee a US\$25-million loan to re-finance water services in Cochabamba, Bolivia's third-largest city, unless the government sold the public water system to the private sector and passed on the costs to consumers. Only one bid was considered, and the utility was turned over to a subsidiary of a conglomerate led by Bechtel—the giant engineering company implicated in the infamous Three Gorges Dam in China, which has caused the forced relocation of 1.3 million people.

In January 1999, before the company had even hung up its shingle, it announced the doubling of water prices. For most Bolivians, this meant that water would now cost more than food; for those on a minimum wage or unemployed, water bills suddenly accounted for close to half their monthly budgets.

To add insult to injury, the World Bank granted monopolies to private water concessionaires, announced its support for full-cost water pricing, pegged the cost of water to the US dollar, and declared that none of its loan could be used to subsidise the poor for water services. All water, even from community wells, required permits to access, and peasants and small farmers even had to buy permits to gather rainwater on their property.

This is a story unfolding in many parts of the world. Just as humanity is beginning to come to terms with the awesome dimensions of the looming fresh-water crisis, a handful of transnational water and food corporations, backed by the World Bank, are moving in on Third World countries and, in the name of human charity, commodifying their water for profit. These corporations openly dominated the UN/World Bank-sponsored World Water Forum in The Hague in March.

The privatisation of municipal water services has a terrible record that is well documented. Customer rates are doubled or tripled; corporate profits rise as much as 700 per cent; corruption and bribery are rampant; water quality standards drop, sometimes dramatically; overuse is

promoted to make money; and customers who can't pay are cut off. When privatisation hits the Third World, those who can't pay will die.

At least the Bolivia story has a happy ending (for now). By the hundreds of thousands, Bolivians marched to Cochabamba in an anti-government protest. On 10 April, they won: the Bolivian Government kicked Bechtel out of the country and revoked its water privatisation legislation.

Oscar Olivera, the Bolivian shoemaker who led the fight, had brought his message to a Washington rally during the recent IMF/World Bank meetings. He said that if water is privatised and commodified for profit, it will never reach the people who need it but will serve only to make a handful of water corporations very rich.

(Source: By Maude Barlow, Toronto Globe and Mail, Canada, 11 May 2000, website www.theglobeandmail.com)

GLOBAL CRACKDOWN ON OFFSHORE TAX HAVENS

A co-ordinated global attack upon tax havens emerged during June and July. The Paris-based Organisation for Economic Cooperation and Development (OECD) is considering imposing economic sanctions against some 35 nations unless they move into line with higher-tax regimes in the rest of the world.

Anguilla, Antigua, the Bahamas, Bahrain, Barbados, Belize, the Cayman Islands, the Cook Islands, Dominica,

Gibraltar, Grenada, Guernsey, the Isle of Man, Liberia, Liechtenstein, the Maldives, the Marshall Islands, Monaco, Nauru, Panama, St Vincent, the Seychelles, Tonga, Vanuatu and Western Samoa are just some of the nations accused of distorting competition by attracting money from companies and individuals seeking to avoid high taxes in their own countries.

(Sources: Weekly Telegraph, 5-11 July, Guardian Weekly, London, 6-12 July 2000)

LAWSUITS CLAIM CYBERSPACE PRIVACY VIOLATIONS

Class action lawsuits have been filed against several major online companies, alleging that they secretly monitor file transfers and collect personal information for commercial purposes.

"Unbeknownst to [Netscape users]... defendants have been spying on their Internet activities," said one New Jersey-based website operator who has filed a class action lawsuit, charging that AOL/Netscape's Internet software violates electronic privacy law.

The complaint, filed on 30 June in the US District Court for the Southern District Court of New York by New Jersey-based website operator Chris Specht, states that the "SmartDownload" feature in the Netscape Communicator web browser secretly transmits file download information to Netscape and America Online (which acquired Netscape in 1998).

Four other class action lawsuits winding their way through the courts are alleging



that four major online companies are secretly collecting personal information from websurfers.

The Law News Network says the lawsuits against DoubleClick, Amazon.com, RealNetworks and Buy.com are the first of their kind.

The suits claim that the companies are secretly tracking Internet users' activities and collecting personal data such as e-mail and home addresses and phone numbers.

(Sources: www.cosmiverse.com/, 29 June 2000; and www.wired.com/news/politics/, 7 July 2000)

ANXIOUS POLICE REFUSE TO GIVE DNA SAMPLES

Thousands of UK police officers have refused to give DNA samples to a new Home Office database, amid concerns that the genetic fingerprints could be used against them in paternity suits.

Police officers are also said to be anxious that their samples could be used to check for drugs or to link them with unsolved crimes, but their big concern is that the Child Support Agency will be able to access the computer database in a bid to track down fathers who shirk their responsibilities.

The Home Office wants to collect DNA samples from 75,000 officers who might be expected to come into contact with evidence at crime scenes, so they can be eliminated as suspects. So far, it has received only 21,000 samples from volunteers.

The reluctance of some officers to comply makes a mockery of the expectations placed on members of the public who are routinely asked to volunteer for mass DNA screening to help police eliminate innocent people from their enquiries.

(Source: *By David Taylor, The Express, London, 2 July 2000*)

LIGHT AND OXYGEN DESTROY TERMINAL CANCERS

The first results of a light-activated treatment for some cancers, particularly of the skin, throat and mouth, may offer hope for otherwise terminal cases.

In the new photodynamic therapy, a cream is injected around a cancerous tumour and a light is beamed onto it. As it glows, a drug—Foscan temoporfin—releases oxygen that destroys the cancerous cells, thus minimising damage to healthy tissue.

The details of the medical breakthrough were announced at the annual meeting of the American Society for Clinical Oncologists in New Orleans.

Dr Barry Wenig, chief researcher for Scotia, the drug's manufacturer, presented the results of trials on 64 patients terminally ill with skin cancer. The patients were treated with the drug, and four days later the tumour was strongly illuminated with a red light.

"These patients were classed as incurable and the only other option was to refer them to hospices," Dr Wenig said.

An independent panel of experts judged that 58% of patients had extended their survival time; 25% had achieved a complete or partial reduction of their tumour; and in 16% of the cases, the tumour had been completely eliminated.

The drug is not yet licensed for use in the USA or Europe, as tests are still in progress. A two-year trial is currently underway in Leeds, UK.

(Source: *By Helen Rumbelow, The Times, London, 30 May 2000, www.the-times.co.uk/news*)

UN SEEKS JURISDICTION TO SILENCE DRUGS DISSENT

In a high-profile New York press briefing in June, Pino Arlacchi, who fronts the UN International Narcotics Control Board (INCB), announced that the INCB would soon begin seeking "universal jurisdiction" to prosecute digital drug traffickers.

Currently, this select legal mechanism is employed only with respect to those who commit acts of genocide and crimes against humanity. However, the one-time Italian prosecutor asserts that this drastic control measure is needed to stem a medium he believes is becoming a veritable nexus for criminals wishing "to disseminate information about drugs".

Although this legal stratagem would severely undermine cherished notions of national self-determination, Arlacchi suggests that even websites which post materials critical of global anti-narcotic efforts could also be fair game.

"These views are spreading and we are now thinking about some instrument to at least stop the expansion of this flow of information," he warns.

Arlacchi's machinations represent the first step towards codifying recommendations set forth in the INCB's 1997 Annual Report. Published after California's controversial Medical Marijuana Initiative, the little-known document sternly chastises various member-nations for having the temerity to allow open discourse in regard to global anti-drug strategies.

(Source: *From the Disinformation website, www.disinfo.com, 11 July 2000; research by Cletus Nelson, teevee@earthlink.net*)

AUSTRALIA'S NEW MEDICATION DATABASE THREATENS PRIVACY

Australia's Medicare card will become a *de facto* identity card, and a national database containing personal health information will be created under a planned Federal Government initiative.

Privacy advocates and even the Australian Medical Association have reacted with alarm at the proposals, under which the Medicare number will be used as a unique patient identifier for a new Pharmaceutical Benefits Scheme (PBS) entitlement checking system and for electronic medication records to be offered through pharmacies.

The proposal, outlined in the recent Federal Budget, would create a system similar to the Australia Card system that the



public resoundingly rejected in a stance which triggered the 1987 general election. That plan would have had all Australians issued with an ID card for taxation, health and welfare purposes and the Health Insurance Commission (HIC) administering a central database.

Both of the proposed new systems are to be operated by the HIC, which administers the PBS pharmacy network and the Medicare Benefits Scheme. From January 2001, doctors will be required to write a patient's Medicare number on prescriptions, and patients will need to show their cards to the pharmacist as proof of identity.

It's expected that the medication record system will be in place by July 2001, but Federal Health Minister Dr Michael Wooldridge has stressed that participation in the system would be voluntary for consumers, doctors and pharmacists. A Health Department spokesperson has commented that the system is intended to reduce medication misadventures in the community.

(Source: By Karen Dearne, Australian, 23 May 2000, www.australianIT.com.au)

CONCERN OVER BANNED DIRECT-TO-CONSUMER DRUG ADVERTS IN AUSTRALIA

What do Viagra, Relenza, Celebrex, Xenical and Fosamax have in common? They are all newish pharmaceutical drugs which are being pushed in the Australian media via thinly disguised, direct-to-consumer advertisements.

The practice of advertising drugs—and the diseases they are claimed to treat—directly to consumers is banned in Australia, but drug manufacturers are trying to overturn this rule and have set up a lobby group, the Patient-Industry forum, as part of a global push to get closer to those who would use their products.

The print and TV ads, many of which are styled and presented as community service announcements, are big on emotion and low in information content (by regulation), and point potential consumers to their doctors who have already been "educated" by the drug company representatives.

The Australian Consumers Association opposes such ads but wants information about medicines to be made more widely available, claiming that these consumer-directed ads don't provide sufficient details on the drugs or their adverse side-effects.

(Sources: Australian, 9 May; Financial Review, Sydney 10-12 June, 20 June 2000)

HOW THE CIA & NSA HELP AMERICAN FIRMS WIN CONTRACTS

Documents obtained by the *Independent on Sunday* reveal how the CIA and NSA (US National Security Agency) have immersed themselves in the new hot trade war. Targets have included UK and European firms. At stake are contracts worth billions of dollars.

For America's spies, an important tool has been the global eavesdropping system known by the code name *Echelon*, which has come to invoke the tag of Big Brother of the cyberspace age. *Echelon* is part of a British/American-run worldwide spy system that can "suck up" phone calls, faxes and e-mails sent by satellite. America's intelligence agencies have been able to intercept these vital private communications, often between foreign governments and European businesses, to help the US win major contracts.

Britain's role in *Echelon*, via its ultra-secret eavesdropping agency GCHQ, has put Tony Blair's government in the dock facing its European partners. European politicians meet on Wednesday in Strasbourg and Berlin to call for inquiries into electronic espionage by the US to beat competitors. These debates follow two years of controversy about *Echelon*, as its astonishing power has gradually been revealed.

But the real origin of the current row lies in the early 1990s, when US politicians and intelligence chiefs decided that the formidable but underemployed Cold War US intelligence apparatus should be redirected against its allies' economies. At stake was not just routine international trade, but new opportunities created by the demise of communism and fast-growing markets in countries that US trade officials dubbed "BEMs"—Big Emerging Markets such as China, Brazil and Indonesia.

Perhaps the most startling result of the new Clinton policy came in January 1994, when the then French Prime Minister Edouard Balladur flew to Riyadh to conclude a US\$6-billion deal for arms, airliners and maintenance, including sales of the European Airbus. He flew home empty-handed. The *Baltimore Sun* later reported that "from a commercial communications satellite, NSA lifted all the faxes and phone calls between the European consortium Airbus, the Saudi national airline and the Saudi government. The agency found that Airbus agents were offering bribes to a Saudi official. It passed the information to US officials pressing the bid of Boeing Co." Clinton's government intervened with the Saudis and the contract went to Boeing.

This is just one of hundreds of "success" stories openly boasted by the US Government's "Advocacy Center" up to the present day. They do not say where the CIA or NSA was decisive in winning a contract, but often brag of beating British, European or Japanese competitors.

Cases where the US "beat" British competitors include power generation, engineering and telecommunications contracts in the Philippines, Malawi, Peru, Tunisia and Lebanon. In India, the CIA tracked British competitive strategies in a competition to build a 700 MW power station near Bombay. In January 1995, the \$400-million contract was awarded to the US companies Enron, GE and Bechtel. Also in 1995, General Electric Power Systems won a \$120-million tender to build a plant in Tunisia. "They beat intense competition from French, German, Italian and British firms for the project," the Center boasts.

Documents and information obtained by the *Independent on Sunday* show that the critical question of whether US intelligence should systematically help business was resolved after the election of Clinton in 1993, when he launched a policy "to aggressively support US bidders in global competitions where advocacy is in the national interest".

Three SIGINT (signals intelligence) reports obtained by the *Independent on Sunday* are economic in nature. All the reports are classified "TOP SECRET UMBRA", indicating that highly-sensitive monitoring techniques were used to get the information.

The heart of the new, co-ordinated Clinton trade campaign is the Advocacy Center, run by the Trade Promotion Co-ordinating Committee within the Department of Commerce. Declassified minutes of the Trade Promotion Co-ordinating Committee meetings from 1994 show that the CIA's role in drumming up business for the US was not limited to looking for bribery or even lobbying by foreign governments. For a series of meetings dealing with Indonesia, 16 officials were circulated with information. Five of the officials were from the CIA; three of the five worked inside the Commerce Department itself, in a department called the Office of Executive Support, and the fifth, Robert Beamer, was from CIA headquarters.

In reality, the Office of Executive Support is a high-security office located inside the Commerce Department. It is staffed by CIA officials with top-secret security clearances and equipped with direct links from US intelligence agencies. Until recently, it was known (more revealingly) as the Office of Intelligence Liaison.

According to Loch K. Johnson, a staff member of the US Intelligence Reform Commission set up in 1993, officials at the departments of Commerce, Treasury and State pass information to US companies without revealing the intelligence source. "At Commerce, there's no code or book to consult to say when and what information can be passed to a US company," he said.

(Source: By Duncan Campbell and Paul Lashmar, *Independent on Sunday*, 3 July 2000, www.independent.co.uk/news/)